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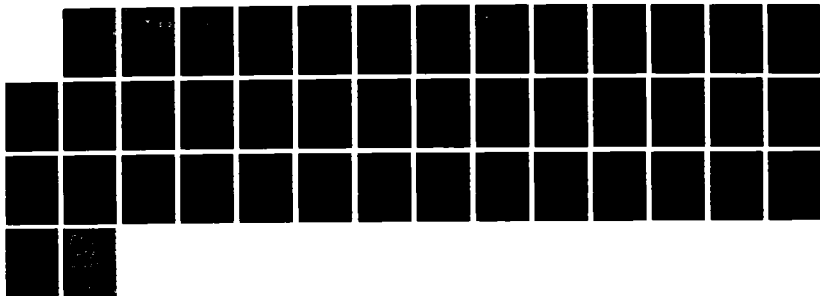
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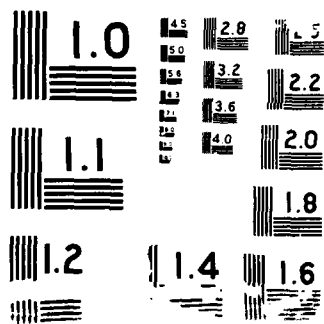
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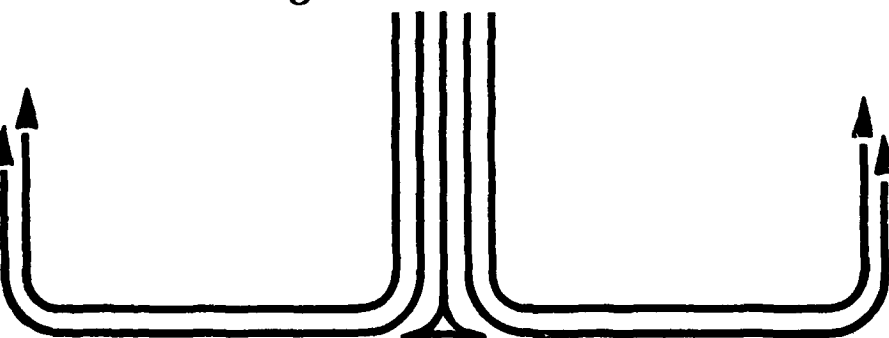
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STUDENT REPORT

IMPLICATIONS OF US SECURITY
ASSISTANCE TO NATO'S
SOUTHERN REGION

MAJOR MARLON W. YANKEE 88-2815
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TITLE IMPLICATIONS OF US SECURITY ASSISTANCE TO NATO'S
SOUTHERN REGION

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requirements for graduation.

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<p>Security assistance helps friends and allies who need assistance to maintain a credible defense posture. Security assistance to NATO's Southern Region (Turkey, Greece, Portugal, and Spain) helps them maintain a credible self-defense, increases their contribution to NATO defense, and gives the US access to important air, naval, intelligence, and communication facilities. Despite its importance to NATO's Southern Region, the US Congress continues to reduce security assistance funding. This study examines the importance of security assistance to the Southern Region and Congress' reasons for reductions. The study concludes that the austere US budget is one reason, but lack of understanding of security assistance's importance and misconceptions about the overall program may also contribute to Congress' decision. Adequate US security assistance to the Southern Region may be vital to US security interests.</p>					
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PREFACE

The general idea for this project originated with the National Security Briefing Team. Team members travel across the US to brief military and civilian groups on national security issues. The main portion of the text is intended as background reading for team members. The appendix is a proposed briefing designed to be incorporated, in total or in part, into the team's briefing(s).

Security assistance, a component of foreign aid, provides US funds, equipment, and training to friends and allies who need assistance to maintain a credible defense posture. The poorer nations of the North Atlantic Treaty Organization's (NATO's) Southern Region (Turkey, Greece, Portugal, and Spain) need US security assistance to maintain their self-defense capabilities and to enhance their contribution to the collective security of NATO. In return for US assistance, these nations provide the US access to important air, naval, intelligence, and communications facilities in their countries. These facilities would be critical to US operations in NATO, the Middle East, Southwest Asia, or Africa. Therefore, security assistance to NATO's Southern Region is important to the US not only in the context of NATO security but also for unilateral, national security interests.

Despite the importance of security assistance to US interests, the US Congress, citing budget austerity, has reduced the security assistance budget in consecutive years--fiscal year (FY) 1986 and FY 1987. These cuts threaten US relationships with the Southern Region countries and risk a less cohesive NATO and regional instability. While budget austerity may be an important factor in the congressional decision to reduce funding, another factor may be that Congress and the public are unaware of the importance of US security assistance to NATO's Southern Region. They may also have some common misconceptions about the overall security assistance program. Hopefully, the National Security Briefing Team can use the briefing at the appendix to inform the public of the program's importance and dispel any misconceptions. Perhaps, then, the public will influence their congressional representatives to make the best decision on security assistance funding for NATO's Southern Region.

The author expresses his appreciation to Colonel Calvin R. Johnson, Chief of the National Security Briefing Team and project sponsor, and Dr Michael J. Collins, project advisor, for their assistance in the completion of this project.

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ABOUT THE AUTHOR

Major Marlon W. Yankee, USAF, is currently a student at the Air Command and Staff College (ACSC), Maxwell AFB, Alabama.

Major Yankee received his Bachelor of Science degree in Agriculture from the University of Tennessee in 1972. He was a distinguished graduate of Air Force Reserve Officer Training Corps and received his Master of Science degree in Plant and Soil Science from the University of Tennessee in 1974. Also in 1974, he was a distinguished graduate of Minuteman Missile Combat Crew Readiness Training at Vandenberg AFB, California and was assigned to the 91st Strategic Missile Wing at Minot AFB, North Dakota. He received his Master of Business Administration degree from the University of North Dakota in 1978. Following duty as a Minuteman Missile Combat Crew Member and Evaluator at Minot AFB, Major Yankee was selected for the Strategic Air Command's TOP HAND program and assigned to the 1st Strategic Aerospace Division (1 STRAD) at Vandenberg AFB, California in 1978. From 1978 to 1981, he participated in over 25 Minuteman Missile test launches. In 1981, he was assigned to Headquarters, US Air Forces Europe (USAFE) where he developed plans and programs for the beddown of the Ground Launched Cruise Missile in Europe. He was selected as an Outstanding Young Man of America in 1982 and as the USAF's resource advisor of the year for 1983. In 1984, Major Yankee was assigned as a Regional Planner at the Air Staff (AF/XOXXE), Pentagon, Washington D.C. where he developed plans and policy for the North Atlantic Treaty Organization's (NATO's) Southern Region. From 1986 to 1987, he was the Executive Officer, Deputy Directorate for Regional Plans and Policy (AF/XOXX). He became a student at ACSC in August 1987.

Major Yankee was a distinguished graduate of Squadron Officer School in 1980. He completed ACSC by seminar in 1983.

Major Yankee and his wife, Lois, have two children: a daughter, Michelle, and a son, Kent.

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EXECUTIVE SUMMARY



Part of our College mission is distribution of the students' problem solving products to DOD sponsors and other interested agencies to enhance insight into contemporary, defense related issues. While the College has accepted this product as meeting academic requirements for graduation, the views and opinions expressed or implied are solely those of the author and should not be construed as carrying official sanction.

"insights into tomorrow"

REPORT NUMBER 88-2815

AUTHOR(S) MAJOR MARLON W. YANKEE, USAF

TITLE IMPLICATIONS OF US SECURITY ASSISTANCE TO NATO'S SOUTHERN REGION

I. Purpose: To analyze the implications of a shortfall in US security assistance funding for NATO's Southern Region countries--Turkey, Greece, Portugal, and Spain. This staff study will be background reading for the members of the National Security Briefing Team. The appendix is an insert to be included in the next revision of the National Security Briefing.

II. Problem: Declining levels of US security assistance to the poorer nations of NATO's Southern Region has serious implications for NATO cohesion and regional stability. This, in turn, has serious implications for US national security.

III. Data: The US security assistance program for the Southern Region has its roots in the Marshall Plan and Truman Doctrine of the late 1940s. Since then, the importance of security assistance as an instrument of US foreign policy has grown significantly. Security assistance is a component of foreign aid which seeks to increase the self-defense capability of recipient countries, thus lessening the likelihood of direct

CONTINUED

US military involvement. The Southern Region countries rely on US assistance to maintain a credible defense posture. Their economies are too poor to maintain enough military strength to meet their vast defense responsibilities in NATO's Southern flank. In return for US assistance, these countries provide critical air, naval, intelligence, and communication facilities to US forces. These bases are important to US security interests in NATO, Africa, the Middle East, and Southwest Asia. Congressional cuts of the security assistance budgets and the resulting reductions in assistance to the Southern Region threatens the current security relationship between the US and each Southern Region country. The congressional decision to cut the security assistance program may be due in part to some common misconceptions about the program. In addition, the ongoing battle between the legislative and executive branches of government over the control of foreign policy may be another factor contributing to security assistance reductions. The US Department of State indicates that though the program is only a small part of the US budget, it pays big dividends in terms of US influence and access in the world. Despite the US administration's emphasis on funding for the Southern Region "base rights" countries, Congress continues to cut the funding. Inadequate funding risks a weak military position in NATO's Southern flank; it risks a weak, less cohesive, and unstable NATO; and it risks a diminished world leadership role. All of these diminish US national Security.

IV. Recommendations: Every effort should be made to dispel any congressional misconceptions about the security assistance program in an attempt to reverse the current funding trend. This should include briefings to the Congressmen's constituents, including information on the importance of the program to US national security. Briefings to civic groups, political action groups, and organizations concerned with defense could help convince Congress of the benefits of the security assistance program in NATO's Southern Region. Furthermore, the US should encourage the more prosperous members of NATO to do more to assist the Southern Region. Failing additional funding, the US should increase the percentage of grant aid, vice loans, in the limited funding. This, along with upgrading recipient countries' equipment rather than buying new, costly equipment, could provide more value for the available dollars. Increased emphasis on cooperative projects could also increase the value of limited funds. In any case, the US should seek to maintain or restore confidence in US support for NATO.

Chapter One

INTRODUCTION

In an address to the Rotary Club in Lexington, Kentucky on 7 May 1987, Under Secretary of State for Political Affairs Michael H. Armacost outlined what he termed "a major foreign policy crisis"--the shortfall in the US budget for security assistance to friends and allies. (25:43) Though the problem affects our assistance to countries worldwide, this paper will focus on the implications this shortfall has for the poorer nations of the North Atlantic Treaty Organization (NATO) and current recipients of US security assistance--Turkey, Greece, Portugal, and Spain (includes all of the Southern Region of NATO except Italy). As Ambassador Armacost indicated:

We are no longer able to meet our commitments to NATO allies. We have had to slash aid to Spain by 73%--just when we are negotiating for renewal of rights to military bases in that strategic country. Our assistance to Turkey is already hundreds of millions of dollars below the levels necessary if they are to meet their NATO commitments and if we are to meet our pledges under our base rights agreement. The Turks are already accusing us of bad faith. And for Portugal, host of our Air Force base in the Azores which played a key role in our emergency support for Israel during the 6-day war, our assistance is more than \$50 million below our "best efforts" commitment to that country. (25:44)

These nations of NATO's Southern Region (hereafter referred to as Southern Region) are important to the alliance and the US. (34:21) Our inability to continue assisting these countries at the needed levels could have serious implications for NATO cohesion and regional stability.

I became involved in this "crisis" while assigned to the Air Staff from July 1984 to July 1987. First as an Action Officer in the Europe/NATO Division (AF/XOXXE) of the Deputy Directorate for Regional Plans and Policy (AF/XOXX) and then as the Executive Officer in AF/XOXX, I had the opportunity to deal with security assistance matters involving each Southern Region country. At various times, I was the Country

Desk Officer for each country, often coordinating on security assistance matters with the US Military Assistance Groups (MAGs) in each country as well as the Defense Security Assistance Agency (DSAA), Joint Staff, US European Command (USEUCOM) and other Air Staff agencies. While most of my duties were unrelated to security assistance, AF/XOXX had overall responsibility for security assistance policy in the Plans and Operations Deputate (AF/XO). In April 1986, I was one of two individuals representing AF/XO at USEUCOM's annual Security Assistance Conference. This conference included the US MAG chiefs from each Southern Region country as well as US representatives from other European and African countries.

The theme of this conference reflected the dilemma currently faced in the security assistance arena--"doing more with less." Each MAG chief (Major Generals for Turkey, Greece, and Spain and a Colonel for Portugal) expressed their concern for the US's ability to maintain the essential security programs in these countries, given the reductions in US security assistance funding. Furthermore, they highlighted the inability of these poorer countries to make up the difference from their own treasuries. In addition, these countries were beginning to question our credibility as an ally, e.g., living up to our pledges of "best efforts" to provide security assistance funds in return for US basing rights in their countries. Given the value these countries apparently place on US security assistance and the importance of these countries to NATO and US security interests, shortfalls in security assistance funding could have serious implications for our relationships with these countries, and in turn, NATO cohesion, regional stability, and ultimately US security.

In my view, then, this "crisis" deserves analysis to gain some understanding of its underlying causes, its potential adverse effects on NATO and US security, and possible ways to lessen or avoid these effects. To make this analysis, I will draw upon my own experience and knowledge as well as recent literature related to the subject. The analysis will take the following approach: first, a brief description of the US security assistance program--its types and purposes; second, an examination of the need for this assistance in the Southern Region--its importance to these countries and to US interests; third, an examination of the downward trend in security assistance funding--why the US Congress is cutting the security assistance budget; fourth, an analysis of the implications of the disparity between US security interests in the Southern Region, on the one hand, and security assistance funding, on the other; (25:43) and finally, recommendations which could lessen or avoid potential adverse effects from this disparity.

Chapter Two

WHAT IS SECURITY ASSISTANCE?

Fundamental to any discussion on security assistance is at least a rudimentary understanding of what it is. Therefore, this chapter will briefly describe the major types of US security assistance that are currently provided to the Southern Region countries. This description is not intended to provide in-depth knowledge of all aspects of security assistance but rather, to provide a general basis for discussion in later chapters--so everyone is on the "same sheet of music."

Security assistance, as an instrument of US foreign policy, is a component of a larger category of assistance to foreign countries normally labeled "foreign aid." (28:4) The history of foreign aid provides insight into the purpose of the major types of security assistance.

BRIEF HISTORY OF FOREIGN AID

Following World War II, the US recognized that its security did not begin "at the waters edge." (34:33) The US needed to assist (economically and militarily) other nations who shared their interests in order to maintain a stable and peaceful world. This assistance, termed foreign assistance or foreign aid, had its roots in the Marshall Plan and Truman Doctrine of 1947. (26:72) The Truman Doctrine specifically supported the independence and security of Greece and Turkey, nations that would later become members of NATO. (8:76) In the late 1960s, the Nixon Doctrine reemphasized the US commitment to assisting other nations with whom the US had shared interests, though direct US military troop involvement was virtually ruled out. (35:--) With less emphasis on direct troop involvement, foreign aid (cash and equipment) became even more important as a tool of US foreign policy. Successive US administrations used foreign aid as part of their foreign policy, and it became "regarded by many as an effective foreign policy tool." (28:1)

"During the first four years of the Reagan administration, spending for foreign assistance, particularly

security assistance programs, grew rapidly." (29:3) Between Fiscal Year (FY) 1981 and FY 1985, the foreign aid budget increased by 64% while the security assistance component of that budget grew by 84%. (29:3; 34:35) However, in FY 1986 and 1987 the security assistance component of the budget, excluding assistance to Israel and Egypt, declined a total of almost 26% from FY 1985 levels. (34:31) A large portion of these reductions was borne by the Southern Region, as shown in Chapter Four. (34:39) What then are the specific types of security assistance and their purposes?

SECURITY ASSISTANCE: A COMPONENT OF FOREIGN AID

Foreign aid can be categorized in several different ways. (27:4; 28:3,4; 31:Atch 1) However, The Congressional Research Service outlines four major categories. (28:3)

Development assistance programs consist of long term projects aimed at enhancing the economic expansion of developing countries that exhibit a commitment to growth. Bilateral programs include agriculture, population planning, health, education, and human resources and the Child Survival Fund. . . . The United States also transfers funds to multilateral development programs such as the United Nations Development Program, UNICEF, and the World Bank.

Through the Food for Peace program, the United State transfers surplus American agriculture goods to needy countries. Food aid is provided through low interest loans and through direct donations to meet emergencies and humanitarian obligations.

The Economic Support Fund (ESF) provides economic aid for countries of special economic, political, and security concern to the United States. Most funds are used for short-term economic stabilization and budget support.

The final grouping is Military Assistance. Military equipment sales are financed with market and concessional rate loans under the Foreign Military Sales [FMS] Credit program, and with grants through the Military Assistance Program [MAP]. Training is provided through the International Military Education and Training [IMET] program. (28:3,4)

The last two categories, ESF and Military Assistance, combine to form security assistance. All of the Southern Region

countries receive ESF, except Greece. All receive Military Assistance.

The three types of Military Assistance--FMS, MAP, and IMET--require further definition. The US State Department's annual Congressional Presentation for Security Assistance Programs describes each type of Military Assistance and highlights their importance to US security interests. (33:--; 34:--)

The FMS Credit Program provides loans to important allies and friends to acquire US military equipment, services, and training. These sales are intended to increase the self-defense capabilities of the individual country, enabling them to "share the burdens of collective security, . . . reduce the likelihood of direct US military involvement during instability or conflict, and reduce the demands on US military resources." (34:51)

Likewise, the MAP provides grants for funding of defense procurement to strengthen the countries defense capabilities. (34:53) When established in 1949, the MAP program was directed primarily to Europe. Without this grant aid, these countries "would have to divert domestic resources from economic development efforts. . . ." (34:53)

The IMET program is a grant aid program to provide military training to friends and allies. This training provides "a valuable channel of communication and influence with foreign militaries. . . and provides significant opportunities for future access to the civilian and military leadership of other countries." (34:55)

The US State Department obviously places high value on security assistance. How does it relate to US national security? How important is it to Turkey, Greece, Spain, and Portugal and to the US relationship with these countries?

Chapter Three

THE PURPOSE OF SOUTHERN REGION SECURITY ASSISTANCE

Security assistance has various goals or objectives-- peace in the Middle East, containment of communism in Europe and the Third World, or gaining access to overseas military bases. (28:6) While the goals and objectives may vary with the individual country, the guiding purpose is the same, namely US security.

Security assistance to the Southern Region is also guided by this purpose. Therefore, this chapter will briefly review the overall need for security assistance as an instrument of US foreign policy before taking a more detailed look at each country in the Southern Region. It is beyond the scope of this paper to exhaustively characterize these nation's forces, missions, roles, or importance to NATO and Western defense. However, the need for US security assistance to these countries should become evident from the discussion.

Security assistance is a means of fulfilling "the need to preserve our national security interests and our position in the world." (34:45) Experience has shown that US security requires cooperation with friends and allies. (34:33) The US cannot go it alone but must "take the lead in joining with other nations who share interests with the US, in order to coordinate a more effective response" to aggression, subversion, and intimidation. (34:33) As a ranking member of the Defense Security Assistance Agency phrased it:

There is a simple truth about security assistance:
Our interests are served better if we are not
forced to act alone. . . if our friends and allies
possess the capability to defend themselves and
their own interests--which often coincide with,
or at least complement, our own. (19:27)

Therein lies the basis for security assistance--to aid US allies, so US security is enhanced. This is evident in the US relationships with the Southern Region countries.

In the Southern Region, each country is party to the NATO treaty; the US has bilateral agreements with each; and

within those agreements, the US has made security assistance commitments in return for access to bases, i.e., basing rights. So, in this region, US security assistance serves to enhance each country's capability for self defense, bolster the joint defense of NATO, and continue valuable base rights for US forces.

The very definitions of security assistance in Chapter Two provide additional insight into the need for this assistance in the Southern Region. Here, security assistance is a tool to help these countries improve "their capability to contribute to conventional deterrence." (34:31) To accomplish this, they need help with funding, equipment, and training--help provided by the US in the form of security assistance. Each country has a significant geopolitical importance to NATO and to the US. (17:94) Yet, they do not have the individual economic strength to maintain a credible defense posture. This is no more evident than with Turkey.

TURKEY

Former Assistant Secretary of Defense for International Security Affairs, Mr Richard Perle, characterized Turkey as "the anchor of NATO's Southern Flank." (17:94) Indeed, the State Department considers Turkey a key country for supporting US interests in Europe, Southwest Asia, and the Middle East. (34:248) Turkey is critical to the defense of the Bosphorous and the Dardanelles (the Turkish straits)--the Soviets only passage from the Black Sea through the Aegean Sea into the Mediterranean. (5:19; 17:94; 34:248) In addition, Turkey is the only NATO country with a major border with the Soviets. (34:248) Therefore, Turkey guards the Southeastern flank of NATO as well as potential Soviet movement into Southwest Asia via the Transcaucasia. (17:94) Furthermore, Turkey's religious ties and historical heritage with the Arab world make her an ideal bridge between the US/NATO and countries in the Middle East and Southwest Asia. (5:19; 17:94; 30:50) However, Turkey does not have the defensive might to perform these roles.

Although Turkey has the second largest army in the Alliance, "obsolete equipment and material--dating from World War II and Korea--severely constrain operational capabilities." (34:249) In fact, most of this equipment "is insufficient for modern warfare." (34:249) This equipment includes 1950s-vintage F-100/F-104 aircraft, World War II tanks, and outdated artillery pieces. (34:150) The State Department estimates that "at least \$13 billion would be required over the next decade to bring Turkey's military up to NATO minimum standards." (34:250) However, Turkey's state

of economic development will not permit this level of modernization from its resources. (17:94)

Turkey is the poorest country in NATO with a per capita income of only \$1,000 per annum. (17:94; 34:248,252) However, according to the US State Department and former Assistant Defense Secretary Perle, Turkey is doing everything it can to help itself. (17:94; 34:248) Turkey's needs, however, require help from outside sources--US security assistance, for one.

The US has a bilateral agreement, the Defense and Economic Cooperation Agreement (DECA), with Turkey and other Southern Region countries which pledges the US to exert its "best efforts" to obtain defense support (security assistance) for Turkey. (30:52; 34:248) Turkey, in turn, provides basing rights for US forces in Turkey. As a result of this agreement, "the US has access to airfields and intelligence and communications facilities which are vital to US and NATO security interests." (34:248) Therefore, the need (or purpose) for security assistance to Turkey can be explained by Turkey's importance to the US, both bilaterally and in the context of NATO. This is also true of the other Southern Region countries.

GREECE

Greece, like Turkey, has significant responsibilities for the defense of NATO's Southern flank. It also blocks the Soviet's "much cherished" access into the Mediterranean via the Black Sea. (13:750) In fact, Greece's 3000 islands in the Aegean Sea serve to "extend the choke point of the Turkish straits. . . ." (3:69; 13:750) Furthermore, Greece borders on three communist countries, including a 700 km border with a Warsaw Pact member, Bulgaria. (13:750) Like Turkey, Greece also serves as a bridge, linking the rest of NATO to Turkey as well as to the Middle East and Africa. (3:69) In addition, the bilateral agreement with Greece (the DECA) provides the US with access to air, naval, and intelligence facilities which are crucial to control of the Eastern Mediterranean. (13:750; 27:1) Through this agreement, the US provides security assistance to Greece. For, like Turkey, it cannot meet its responsibilities in the Southern flank alone.

Despite allocating the highest percentage of Gross Domestic Product (GDP) to defense spending (of any NATO country), Greece is in need of defense upgrades. (3:70) It has an aging fleet of F-104 and F-4 aircraft and is in need of armor and fleet improvements. (34:134,135) However,

Greek economic stagnation prevents significant modernization without outside assistance. (34:134)

While Greece is not as poor as Turkey (about \$3,300 per capita income), "low growth, high inflation, increasing unemployment, and substantial current account deficits have plagued the Greek economy since 1979." (34:135,137) To help alleviate these problems and modernize their military, the US has promised "best efforts" in seeking security assistance funding. This is also true for Portugal and Spain.

PORTUGAL AND SPAIN

Both Portugal and Spain occupy key geostrategic positions along the approaches to Southern Europe and the Mediterranean. (4:621; 34:235) Both are also important as staging areas for the reinforcement of Europe in time of war and would be valuable for transit in a Mideast, Southwest Asia, or African contingency. (34:217) In fact, the US base in the Portuguese Azores (Lajes) played a key role in US emergency support to Israel during the 1973 Arab-Israeli war. (25:44) Assistant Secretary of State for European and Canadian Affairs Rozanne L. Ridgway termed US access to facilities in Portugal and Spain as vital to US security interests and defense of the West. (30:48,49) Both countries, however, lack the equipment to maintain an adequate defense posture.

Portugal is the poorest nation in Western Europe with a per capita income of about \$2,100. (34:220) While Portugal has undertaken an armed forces modernization program to achieve NATO standards, it has a long way to go. (4:--; 34:217) Portugal needs updated aircraft, additional anti submarine warfare vessels, as well as army mechanization. (34:218)

Spain, too, needs assistance to help it take a full share of the common defense of NATO. (34:235) Though Spain is not integrated into the military structure of NATO, modernized Spanish forces would "substantially strengthen NATO's Southern flank if integrated. . . ." (34:236) With a per capita income of about \$4,200, Spain still needs help in its modernization program. (34:237) However, the greatest purpose for security assistance to Spain and Portugal may be in achieving forward basing for US forces.

The US commitment to security assistance for Portugal and Spain is directly related to US access to the facilities in these countries. The current agreement with Spain, for instance, specifically gives the US access to important

naval, air, and training bases. (30:48) However, the US and Spain are negotiating a new agreement which will remove (at Spain's insistence) the only forward deployed US air wing in NATO's Southern flank--the 401st Tactical Fighter Wing (72 F-16s) at Torrejon Air Base near Madrid. (6:2; 16:--)
The importance of Lajes Air Base in the Portuguese Azores was described previously. Agreements with both countries tie US access to "best effort" attempts at increasing security assistance to these countries. In Spain, this was understood to be \$415 million annually. (30:49) Yet, the US fell far short of this commitment. Likewise, US funding is short in the other countries of the Southern Region.

The shortfall in security assistance could place US agreements with each country in danger. Although the US recently completed a new agreement with Turkey, they are now accusing the US of bad faith because security assistance was reduced rather than increased. (25:44) The US will lose access to Torrejon Air Base in Spain, but negotiations continue for a new agreement which would provide continued US access to other Spanish facilities. (9:19; 14:25) The US ability to provide adequate security assistance to Spain may be a factor in the negotiations. The US bilateral agreement with Greece is eligible for renegotiation in late 1988. Greek Prime Minister Andreas Papandreou is "on record as wanting the withdrawal of four principal US bases and 20 smaller facilities." (9:19) The Portuguese agreement expires in 1991, but either side can request a review in 1988. (9:19) As with Turkey and Spain, security assistance for Greece and Portugal could be a major factor in maintaining US military access to facilities in these countries.

The need for US security assistance to the Southern Region countries should be obvious from the preceding discussion. The need is more than the needs of the individual countries. These countries collectively contribute to the overall defensive strength of NATO. Therefore, their economic and military strength is a factor in NATO security and, in turn, US security as a member of NATO. Furthermore, Southern Region countries make critical facilities available to US forces, both for NATO defense and bilateral security arrangements. (34:21) Security assistance to the Southern Region helps "them contribute to the common defense and assure US access to [these] key facilities." (34:21)

The current US administration puts special emphasis on base rights countries (all of the Southern Region countries, plus the Philippines) when recommending security assistance funding to Congress. The need for this funding appears obvious. However, the Congress continues to cut the

President's requests. President Reagan commented on this apparent paradox in one of his speeches. He said,

Our security assistance provides as much security for the dollar as our own defense budget. . . . That's why I can't understand proposals in Congress to sharply slash this vital tool. Military assistance to friends in strategic regions strengthen those who share our values and interests. And when they are strong, we are strengthened. It is in our interests to help them meet the threats that could ultimately bring harm to us all. (19:26)

Despite the President's comments, numerous administration reports, and frequent testimony, Congress continues to reduce the funding. (30:--; 32:--; 33:--; 34:--) Why does Congress continue to make these reductions?

Chapter Four

THE DOWNWARD TREND IN SECURITY ASSISTANCE FUNDING

After a period of steady growth in security assistance funding from 1981 to 1985, Congress cut administration requests in successive years. The table below shows the resulting decreases in funding for the Southern Region.

	ACTUAL		ESTIMATED	PROPOSED
	FY 85	FY 86	FY 87	FY 88
TU	878.6	738.0	593.3*	913.5
GR	501.4	431.9	344.3	436.3
SP	414.9	396.6	113.0**	280.0
PO	208.0	188.9	147.4***	207.6
* Does not include an administration supplemental request for \$125 million in additional MAP funds.				
** Does not include an administration supplemental request for \$200 million in additional FMS funds and \$7 million in additional ESF.				
*** Does not include and administration supplemental request for \$30 million in additional MAP funds and \$15 million in additional ESF.				

Table 1. SOUTHERN REGION SECURITY ASSISTANCE--TOTAL OF ALL TYPES, BY COUNTRY, IN \$ MILLIONS
(33:--; 34:--)

Budget cuts reduced the funding for each country. The 20% reduction for Turkey in FY 87 brings the two-year total reduction to 32% and halts the Turkish armed forces' modernization short of NATO goals. (34:42) The US is 75% below its "best efforts" commitment to Spain which is causing major budget problems for the Spanish government. (34:42) Greece and Portugal have received similar cuts. The Gramm-

Rudman-Hollings (G-R-H) Deficit Reduction Act is often cited as the reason for these reductions. (28:1; 29:1; 34:37) Indeed, budget pressures are probably the overriding consideration in any cuts. However, the question then becomes why was security assistance chosen for reduction instead of taking additional cuts in other areas? Under Secretary of State for Political Affairs Michael Armacost outlined six common misconceptions about foreign aid (of which security assistance is a part) which could be a factor in this choice. (25:43)

There is a perception among many that foreign aid is an extremely large program. However, in 1985, foreign aid expenditures were only 1.6% of total government outlays. (28:1) Since then the funding for the security assistance component of foreign aid has gone down by almost 26%. (34:31) The other areas of foreign aid have experienced similar reductions. (25:43) In fact, the administration's FY 88 foreign aid request, which is 3% above FY 87 levels, still only represents 1.5% of the federal budget and less than 0.3% of Gross National Product. (34:31)

A second misconception pointed out by Ambassador Armacost is that foreign aid moneys are lost to the US. (25:43) There is disagreement on this issue. Opponents of foreign aid argue that the money is often misspent and subject to fraud, waste, and abuse. They cite the Marcos regime in the Philippines as an example. (28:9) However, the Agency for International Development estimates that about 70% of foreign aid is spent in the US. (28:8) The State Department's Congressional Presentation for Security Assistance Programs devotes an entire section to explaining how the security assistance program provides "real, measurable" domestic benefits to the US, including sustaining or creating US jobs. (34:368) This presentation further points out that "regrettably, the visible expense of security assistance in the federal budget often obscures the fact that the US clearly receives substantial benefits, benefits that can be duplicated only by a quantum increase in dollar expenditures--and probably human lives." (34:368)

A third misconception is that foreign aid is a giveaway program. (25:43) As evident from definitions in Chapter Two, some security assistance is in the form of grants; some is in the form of loans. Most assistance is in the form of grants--79% in 1985. (28:10) However, Ambassador Armacost points out that these grants, and even loans at lower interests rates, are done for specific foreign policy goals--access to bases for one. (25:43)

A fourth misconception is that when the US does make loans, countries do not pay their debts. However, as Ambassador Armacost indicated, the record of repayment, including interest, has been good since World War II. (25:43) The Congressional Research Service reports that the Foreign Assistance Act of 1961 gives an incentive for countries to pay their debts on time. (28:11) If a country falls six months behind on their payments, they are no longer eligible for economic or military assistance. (28:11) Currently, there are only a few Third World countries ineligible for further aid, and none are Southern Region countries. (28:11)

Another misconception is that the US carries the entire burden of assistance to needy countries. While the US is the single largest contributor, its share is only 30% of the total. (25:43) Japan, France, and West Germany are second, third, and fourth, respectively. (28:11,12) Most of these donors give a much larger share of their Gross National Product than the US. (25:43)

Finally, there is a misconception that military assistance is the major portion of the aid. The military assistance portion of the foreign aid budget in 1986 was about 40%. (28:5) The ratio has not changed appreciably since then. Furthermore, military and economic assistance compliment each other. (25:43) For example, Economic Support Funds (ESF) bolster a country's treasury, allowing them to make other funds available for defense spending. Conversely, military assistance lessens a country's defense burden, releasing funds for other programs. Though ESF funds normally go to balance-of-payments support, infrastructure assistance, and development projects for the poor, it is part of the "security" assistance program. (36:10)

These misconceptions may, to some degree, influence congressional members' attitudes about security assistance, and therefore, influence their decision to cut the security assistance budget vice another program. This stems in large part from the inability to accurately measure or demonstrate the effectiveness of security assistance, either in the recipient country's defense capabilities or to US security and economic interests. (36:3) However, the controversy over foreign aid may also be a symptom of an overall "battle over basic foreign policy." (36:3) This battle has been ongoing since the Vietnam war. (36:3)

Congress wants to play in foreign policy. (1:170) This political aspect is most often reflected in the debate over security assistance to Third World countries, especially those that have active insurgencies in progress, e.g.,

several countries in Central America. However, it is also a factor in the Southern Region.

The ongoing Greek-Turkish dispute over Cyprus and the Aegean has caused Congress to take more control of assistance to these countries. For example, Congress has directed (though not law) that funding be apportioned in a ratio of 7 to 10--for every \$10 to Turkey, there will be \$7 to Greece. (27:5) The Reagan Administration argues that this is not effective, indicating funds should be allocated solely on the basis of need. (30:51) However, Congress chooses to use this tool to influence Greece and Turkey to settle their dispute. (34:134,248)

In addition to reducing the security assistance budget or establishing ratios of aid to some countries, Congress may also direct that certain amounts be allocated to specific countries. This "earmarking" of already reduced funding levels indirectly results in major reductions to other countries, especially to the Southern Region. (34:42)

Currently, there are four "protected" countries that receive a "disproportionate share" of security assistance funds: Israel, Egypt, Pakistan, and Northern Ireland. (29:5,6) In the FY 87 security assistance budget, these four countries were allocated nearly 56% of the ESF funds and 61% of the Foreign Military Sales (FMS) credits. (29:6,7) This meant that other countries had to absorb cuts of 33% in ESF and 51% in FMS from the FY 86 level. (29:6,7) As a result, the Southern Region countries, who rely heavily on these types of security assistance, were most affected by the cuts. (29:8)

Security assistance funding for the Southern Region may also be affected by other political factors. The Greek governments stated desire to eventually remove US bases will probably have an influence on congressional and administration members who must decide funding levels. If there is uncertainty about the Greek's commitment as an ally, then the congressional tendency may be to reduce funding levels. Likewise, Spain's insistence on removing the US air base at Torrejon will undoubtedly influence any decision on future aid for them. In fact, when an amendment to the 1987 Defense Authorization Act was passed to allow the administration to give excess US military equipment to the Southern Region (known as the Southern Region Amendment), Spain was notably omitted. (23:--) This was probably due, in part, to Spain's position on Torrejon. As previously mentioned, the ratio of aid to Greece and Turkey is also politically influenced by their dispute over Cyprus and the Aegean. The US bilateral political relationships likely will

continue to influence the administration's requests and congressional funding for security assistance to the Southern Region.

In summary, some members of Congress admit the current security assistance levels are inadequate to meet US obligations, but they continue to cite the Gramm-Rudman-Hollings (G-R-H) Deficit Control Act as leaving them with no alternative but to cut aid. (29:1) Their choice to reduce foreign aid, including security assistance, rather than reducing another program to meet deficit goals may be influenced by some common misconceptions about the foreign aid program. Additional factors which may influence their choice include the ongoing battle between the executive and legislative branches for control of US foreign policy and the political relationship with individual countries. All these factors are currently resulting in lower levels of security assistance to the Southern Region. These countries "understand the need of the US government for fiscal austerity. . .," but they are beginning to express "grave reservations about the precipitous drop in funding." (34:42) Given the importance of security assistance to US relationships with these countries and their importance in NATO's Southern flank, continued cuts in security assistance funding could have serious implications for NATO cohesion and regional stability.

Chapter Five

SUMMARY AND IMPLICATIONS OF THE SECURITY ASSISTANCE SHORTFALL

The definitions of the security assistance types in Chapter Two and the need for this assistance in the Southern Region discussed in Chapter Three are the basis for analyzing the impact of the security assistance shortfall. These countries rely heavily on US assistance to foster a strong economy and defense establishment. This is important to their independence and security, just as a strong US economy and defense capability are important to US independence and security. This enhances their "security from Soviet domination and from efforts at destabilization--by Libya and other radical groups on the Southern Littoral. . . ." (34:21) Their independence and security are primary concerns to the US because of the US need for "access to the economic lifelines which pass through or near the Mediterranean Sea." (34:21) Furthermore, denying this area, NATO's Southern flank, to the Soviets in time of war is an important aspect of NATO security.

The military forces of these nations will have major roles in protecting the Southern flank from any aggressive move from the Soviets or their allies. In the Eastern Mediterranean, Turkey and Greece block vital Soviet choke points in the Turkish Straits and the Aegean Sea and face large forces from the Warsaw Pact. Likewise, Spain and Portugal overlook the access point to the Western Mediterranean. However, as evident from the data in Chapter Three, these countries do not have the economic and military capability to satisfy their share of NATO's defense without outside assistance. The cuts in US assistance to these countries, assistance which they have counted on in the past, prolong their inability to meet their defense responsibilities. Furthermore, these cuts may compound the problem. For example, having counted on higher levels of assistance from the US, these countries must now cancel or slowdown previously established military modernization programs or suffer reductions in other areas of their already weak economies. (3:--; 4:--; 5:--; 34:134,218,236,250) The US State Department indicates that to compensate for their reduced capabilities, a greater US defense effort will be required. (34:31) A strong Southern Region would relieve the

US of additional responsibility and would probably force the Soviets to increase their forces in the South. This would lessen the pressure on NATO forces in the Central and Northern Regions. (2:--) While a deterioration in the overall state of readiness in the Southern Region is a potentially important impact of assistance shortfalls, the greatest impact may be on the perceptions of these countries. (34:45)

The increase in assistance levels from 1981 to 1985 resulted in "new confidence in US reliability and credibility of US commitments. . . ." (34:32) Since then, however, the US has not lived up to its promises. (25:44) This can cause doubt and confusion among allies and enemies alike about the scope and nature of US policy. (25:44) The credibility of US commitments is likely to be an important determinant of the US ability to maintain access to vital bases in the Southern Region. In fact, these countries likely expect increased aid, instead of reductions, in return for continued US access. (9:19; 10:--; 14:25; 15:--; 20:33; 21:--; 22:--)

For example, the US and Turkey signed a new agreement extending US base rights for five years on 16 March 1987. (24:--) However, shortly thereafter a congressional committee slashed the President's FY 88 request for aid to Turkey by about 40%. (15:--) The Turkish government then suspended ratification of the agreement, citing the congressional cuts as a major factor in their decision. (21:--)

In the ongoing negotiations with Spain, the Spanish have questioned the value of US presence in their country. The Spanish desire for a reduced US presence stems in part from their remoteness from the NATO Central Front and in part from the fact that the initial agreement with Spain was concluded with the Fascist dictator Franco. (9:19) While the issue of US presence (leading to the planned removal of the US forces at Torrejon) did not directly center on security assistance, the US government's demonstrated inability to meet previous security assistance commitments could be a major factor in maintaining access to other important facilities in this country. The results of the negotiations with Spain may influence upcoming negotiations with Greece.

The Greek agreement is eligible for termination in December 1988. Prime Minister Papandreu has indicated that he will negotiate to allow our bases to stay, but these negotiations ". . . will start from 'zero base'--the basis that the American facilities don't exist after December 1988." (7:--) These negotiations, too, will likely be

affected by past, and perhaps future, US inability to provide adequate security assistance.

While the Portuguese agreement is not scheduled for review until 1991, the new Portuguese government has already indicated that they expect to receive substantial increases in assistance for continued US use of Lajes Air Base in the Azores. (20:33) So, this critical refueling facility for aircraft en route to Europe, Africa, and the Middle East is in danger from the reductions in security assistance.

The Southern Region countries may view reductions in security assistance as a lessening of US commitment to Europe. Though the Intermediate-range Nuclear Forces (INF) Treaty has no direct military connection to US bases in these countries, factions in some nations view the INF Treaty as a decoupling of the US from Europe. (9:19) This fear, along with US "bashing" of Europe over trade inequalities, congressional calls for European troop strength reductions, and decreased security assistance could cause serious doubt about the US commitment to NATO. (9:19; 11:60) This doubt could lead some NATO countries to "hedge their bet" by seeking better relations with the Soviets. While a total turn to the Soviets is doubtful, these nations could feel compelled to take a softer line with the Soviets.

Therefore, the reductions in security assistance funding come at a bad time--if there is a good time. They come at a time when NATO is questioning US resolve, and the US is in, or near, base rights negotiations with all the Southern Region countries. (11:57) Increased levels of security assistance to the Southern Region could go a long way to redress the concerns of NATO and could be a deciding factor in US access to Southern Region bases. If the US continues to cut security assistance funding, it risks a weak military position in the Southern flank; it risks a weak, less cohesive, and unstable NATO; and it risks a diminished world leadership role. (34:33) All of these risks could ultimately diminish US national security.

Chapter Six

RECOMMENDATIONS

Given that US security assistance to the Southern Region is vital to US security, what can be done to reverse the funding trend? Failing a turnabout in Congress, what can the US do to mitigate the effects of inadequate security assistance?

Since congressional and public views of the security assistance program are likely influenced by "the person's view of the US interest, the threat, and the character and reliability of the government," the US government should undertake to "spread the word" on the benefits of the program. (1:168) Every effort should be made to dispel any congressional misconceptions about the security assistance program. Government officials should take every opportunity to describe the program as well as point out its importance to US and NATO security. In addition, the Congressmen's constituents should be informed of the importance of the program--its apparent high value for a relatively small cost. Briefings to civic groups, political action groups, and organizations concerned with defense could help convince Congress of the benefits of the program in NATO's Southern Region. To acquire additional funding, "the program needs the confidence of the public, of our own political leadership, and of the recipient countries." (1:177) Inspiring confidence in the US public could lead Congress to increase funding.

In addition to educating the US people, US officials should undertake a similar campaign with the more prosperous NATO allies. The security of the Southern Region should be as important to the remainder of the alliance as it is to the US. The richer allied countries should be encouraged to assist the Southern Region. The Federal Republic of Germany has an ongoing security assistance program with Turkey. (17:97) Other countries, such as Canada, have provided intermittent assistance. (17:97) The US should encourage these participating countries to expand their assistance and encourage others to join in. (17:97)

If the US Congress or other NATO nations do not increase their assistance, the US should seek ways to lessen the adverse effect of the low levels of funding. These

initiatives would seek to increase the value of the limited number of dollars. (17:96) This, in turn, would translate into increased security capability for the Southern Region. For example, former Assistant Secretary of Defense Richard Perle suggests increasing the proportion of grant and low interest (concessional) loans in security assistance programs. (17:96) This would lessen the country's burden of debt, possibly allowing it to contribute more to defense from its own treasury. Furthermore, additional or expanded programs which provide excess US equipment to these countries (outside normal security assistance channels), such as the Southern Region Amendment described in Chapter Four, could lessen the impact of reduced funding.

Another way of potentially "doing more with less" in the security assistance arena is to upgrade the existing defense equipment of Southern Region countries rather than replacing this equipment with new and more expensive equipment. (12:46) Equipment upgrades are an important part of US force modernization. (18:47) Similar upgrades could be more important to Southern Region countries where resources are more constrained. (18:47) This kind of program would require close coordination among the recipient country, the in-country, US Military Assistance Group, and US-based security assistance agencies to ensure each country received "the most bang for the buck."

Increased emphasis on cooperative projects, such as the Turkish F-16 coproduction program, would also increase the value of limited security assistance funds. (17:97) In these projects, a portion of the equipment being purchased is manufactured in the recipient country. This serves to "maximize the benefits" to the recipient country's industrial base. (34:366) The US Congress has endorsed this concept in recent legislation which increases US flexibility in entering into NATO cooperative projects. (34:366) Increasing the use of this mechanism of cooperation could enhance both NATO and US security.

The US should make every effort to ensure each country in NATO's Southern Region can maintain its own security as well as contribute to the collective security of NATO. Increased security assistance funding and other programs, such as those recommended above, will help ensure this is accomplished. Failure to take these initiatives could reduce NATO security and ultimately US security.

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GLOSSARY

<u>TERM</u>	<u>MEANING</u>
DECA	Defense and Economic Cooperation Agreement
DSAA	Defense Security Assistance Agency
ESF	Economic Support Fund
FMS	Foreign Military Sales
FY	Fiscal Year
GDP	Gross Domestic Product
GR	Greece
G-R-H	Gramm-Rudman-Hollings (Deficit Reduction Act)
IMET	International Military Education and Training
INF	Intermediate-range Nuclear Force
MAG	Military Assistance Group
MAP	Military Assistance Program
NATO	North Atlantic Treaty Organization
PO	Portugal
SP	Spain
TU	Turkey
USEUCOM	United States European Command

APPENDIX

BRIEFING INSERT FOR THE NATIONAL SECURITY BRIEFING TEAM

BRIEFING INSERT FOR THE NATIONAL SECURITY BRIEFING TEAM

IMPLICATIONS OF US SECURITY ASSISTANCE TO NATO'S SOUTHERN
REGION COUNTRIES

INTRODUCTION

The purpose of this briefing is to inform you of a problem in the US security relationship with our NATO allies, specifically in the Southern Region of NATO--Turkey, Greece, Portugal, and Spain. This problem is the current inadequate levels of US funding for security assistance to these countries. Security assistance is an important part of our relationship with each of these countries. Current US budget austerity is threatening these relationships. This not only has serious implications for NATO cohesion and regional stability, but also US national security. Under Secretary of State for Political Affairs Michael H. Armacost called the shortfall in security assistance funding "a major foreign crisis." Budget cuts are causing the US to renege on commitments to these important allies.

This comes at a time when the US is in or near negotiations for new bilateral agreements with each of these countries. These agreements provide the US with important air and naval bases as well as critical communications and intelligence facilities which are important to maintaining US security interests in NATO, Africa, the Middle East, and Southwest Asia. In return for these basing rights, the US promises "best efforts" in providing security assistance which enhances each country's own security as well as the collective security of NATO. The US administration can only promise "best efforts" because only the Congress can appropriate funds. Despite the importance of security assistance funding to US security interests, Congress has cut funding in the past two years, FY 86 and FY 87.

This briefing will review the security assistance program, so everyone knows what it is. Then, it will focus on the purpose and importance of security assistance in NATO's Southern Region, briefly looking at each country. Next, this briefing attempts to dispel some of the common misconceptions about the security assistance program. These misconceptions may be a major factor in why Congress is cutting security assistance funds. Finally, the briefing will explore some of the implications that continued inadequate security assistance for the Southern Region has for US national security interests.

WHAT IS SECURITY ASSISTANCE?

Security assistance has its roots in the Marshal Plan and Truman Doctrine of the late 1940s. Following World War II, the US recognized that going it alone would not work. The US must assist other countries who share US interests in order to maintain a stable and peaceful world. Security assistance in the form of funds and equipment became even more important in the late 1960s when the Nixon Doctrine virtually ruled out deploying troops on the ground like the US had done in Vietnam. Successive US administrations used security assistance, and it became known as an important foreign policy tool. From 1981 to 1985, security assistance funding increased rapidly. However, in FY 86 and FY 87 the US Congress, citing the Gramm-Rudman-Hollings Deficit Control Act, reduced funding dramatically.

What exactly is security assistance? Security assistance is a component of a larger category often termed "foreign aid." Foreign aid includes four major categories: "Development Assistance" to enhance the economic expansion of developing countries; the "Food for Peace" program to meet emergencies and humanitarian needs; the "Economic Support Fund" for countries of special economic, political, and security concern to the US; and "Military Assistance" for military equipment and training. The last two categories, Economic Support Fund and Military Assistance, combine to form security assistance.

The US Department of State places high value on security assistance. It increases self-defense capabilities, enabling countries to share the burden of collective security. This reduces the likelihood of direct US military involvement. It also contributes to the country's economic strength which is vital to security, and it provides US influence and access.

THE PURPOSE OF SOUTHERN REGION SECURITY ASSISTANCE

The overall purpose of security assistance may not be totally evident from the previous definitions. It is, ultimately, maintaining US national security. Security assistance is a means to preserve US interests and the US position in the world. The US can not go it alone but must take the lead with other nations to resist aggression, subversion, and intimidation. Therefore, the US aids its allies to enhance its own security.

Each country in NATO's Southern Region has a significant geopolitical importance to NATO and to the US. But, these

poorer nations of NATO do not have the economic strength to maintain a credible defense posture.

Turkey has been characterized as "the anchor of NATO's Southern flank." It guards the Soviets only passage from the Black Sea through the Aegean Sea to the Mediterranean. Turkey also guards the Southeast flank as well as potential Soviet movement into Southwest Asia. Furthermore, Turkey's religious ties and heritage make her an ideal bridge between the US and the Middle East. However, Turkey does not have the defensive might to fulfill its role in NATO's Southern flank. In return for US security assistance, Turkey provides basing rights for US forces which give the US access to critical air bases and intelligence and communications facilities.

Though Turkey has the second largest army in NATO, its military has obsolete equipment and material, dating from World War II and Korea. The US Department of State estimates that at least \$13 billion would be required over the next decade to bring Turkey's military up to NATO minimum standards. However, Turkey does not have the resources. Turkey is the poorest nation in NATO with a per capita income of only \$1,000 per annum.

Likewise, Greece guards the Southeast flank of NATO and provides crucial basing rights for US forces. However, like Turkey, Greece does not have the economic capability to complete a much needed military modernization. Both Greece and Turkey rely on US security assistance to maintain their security.

Portugal and Spain occupy key geostrategic positions along the approaches to Southern Europe and the Mediterranean. Both are also important as staging areas for the reinforcement of Europe in time of war and would be valuable for transit in a Middle East, Southwest Asia, or African contingency. They too provide important air and naval facilities for US forces. Like Turkey and Greece, they rely on US security assistance to maintain a credible defense.

In each of the Southern Region countries, US access to facilities is directly tied to the US commitment to provide security assistance. The shortfall in the security assistance budget is severely threatening US access to these critical areas. Turkey is already accusing the US of bad faith because of funding shortfalls. The agreement with Greece expires in late 1988. Ongoing negotiations with Spain have resulted in the planned loss of US access to Torrejon Air Base where the only US air wing for the Southern flank

is stationed. Portugal is on record as wanting more assistance (not less) when the current agreement ends in 1991.

SECURITY ASSISTANCE FUNDING

Despite the US administration's emphasis on funding for base rights in these countries, the Congress continues to cut the budget. This led President Reagan to comment, "Our security assistance provides as much security for the dollar as our own defense budget. . . . That's why I can't understand proposals in Congress to sharply slash this vital tool." Part of the reason may be some misconceptions among members of Congress and the public about the security assistance program.

There is a perception among some that foreign aid (of which security assistance is a part) is an extremely large program. In fact, the administration's FY 88 foreign aid request, which is 3% above FY 87 levels, still only represents 1.5% of the federal budget and less than 0.3% of the Gross National Product.

A second misconception is that foreign aid is lost to the US. While there is disagreement on this issue, the US State Department explains in their annual presentation to Congress how the security assistance program provides real, measurable domestic benefits, including sustaining or creating new jobs.

A third misconception is that foreign aid is a giveaway program. Most security assistance is in the form of grants, but these grants are provided to maintain access to critical overseas bases. Furthermore, when the US does make loans, the record of repayment has been excellent, contrary to some erroneous views.

In addition, contrary to some perceptions, the US does not carry the entire burden of security assistance. While the US is the single largest contributor, the US share is only 30% of the total.

Finally, there is a misconception that military assistance is the major portion of aid. Actually, military assistance is only 40% of the foreign aid budget.

These misconceptions may influence congressional members' decisions to cut the security assistance budget vice other programs. Perhaps, if a larger portion of the public was aware of the importance of security assistance in the

Southern Region and their misconceptions could be dispelled, Congress would see fit to restore funding to adequate levels. Continued low funding levels have serious implications for NATO cohesion, regional stability, and US national security.

IMPLICATIONS OF THE SECURITY ASSISTANCE SHORTFALL

The Southern Region countries rely heavily on US assistance to foster a strong economy and defense establishment. This enhances their security from Soviet domination and from efforts at destabilization--by Libya and other radical groups on the Southern flank. Their independence and security are primary concerns to the US because of the US need for access to the economic and defensive lifelines which pass through or near the Mediterranean Sea. Furthermore, denying this area to the Soviets in time of war is an important aspect of NATO security.

While a deterioration in the overall state of readiness in the Southern Region is a potentially important impact of assistance shortfalls, the greatest impact may be the perceptions of these countries. The increase in assistance levels from 1981 to 1985 resulted in new confidence in US reliability and credibility of US commitments. Since then, however, security assistance has been declining. This can cause doubt and confusion among allies and enemies alike about the scope and nature of US policy. The credibility of US commitments is likely to be an important determinant of the US ability to maintain access to vital bases in the Southern Region. A lack of US credibility could lead some countries to "hedge their bet" by seeking better relations with the Soviets. If the US continues to cut security assistance funding, it risks a weak military position in the Southern Region; it risks a weak, less cohesive, and unstable NATO; and it risks a diminished world leadership role. All of these diminish US national security.

CONCLUSION

Security assistance is an important part of the US relationship with the countries of NATO's Southern Region. These countries are important to NATO security and provide critical facilities for US forces. A major portion of these countries' security capabilities is dependent on US security assistance. However, budget austerity has resulted in the US Congress making dramatic cuts in security assistance funding. These cuts threaten to reduce the overall security of NATO as

well as deny the US access to important bases around the Mediterranean.

Despite the obvious importance of US assistance to these countries for US security interests, Congress continues to slash funding. This may be due to misconceptions about the security assistance program. Contrary to some perceptions, the program is not large, and it pays real, measurable dividends to the US economy and to US security.

If inadequate funding continues, the US risks a less cohesive NATO and an unstable region. This will ultimately diminish US security. Security assistance is a foreign policy tool which provides funding, equipment, and training to bolster a countries' economy and self-defense capabilities. This lessens the likelihood of direct US military involvement, thus, enhancing US security. Congress should fund the program at adequate levels, and the US should strive to make each security assistance dollar go as far as possible to ensure each country and the US get the "most bang for the buck."

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